MANAGERS

FOR TOMORROW

BY ROSEMARY STEWART

LONDON

Her Majesty's Stationery Office

1957

PREFACE

The object of this series is to present briefly and simply the results of new research into the social, economic and technical problems of industrial progress—problems arising from automation and other advances in technique, and problems of management and human relations. The booklets are either 'industrial versions' of academic reports that either have been, or soon will be, published elsewhere; or short reviews of research done independently by several teams. The series is planned in the belief that responsible officials on both sides of industry feel the need to digest and use new research material but have not the time to browse through full-length volumes.

The series is commissioned and edited by the Department of Scientific and Industrial Research, which seeks only to provide a forum for responsible new thinking and to stimulate independent discussion and action, including further research. The conclusions and speculations are those of the investigators, mostly from the universities and other well-known research bodies, and they are not necessarily those of the Department.

This booklet is based on recent investigations by the Acton Society Trust, which were supported by the Department of Scientific and Industrial Research. The main study, in this country, received financial support from counterpart funds derived from U.S. economic aid.

The full report has already been published (*Management Succession*, 1956, Acton Society Trust, 59 Welbeck Street, London, W.1, 10s. 6d., plus 10d. postage), but it covers policies, practices and problems in detail and is written mainly for persons with a specialist interest in the subject. Here the main findings are presented in brief for managers with a more general interest and for those who are planning a career in management. Readers who want more details or are interested in how the survey was made should consult the full report.

Information Division,
Department of Scientific and Industrial Research,
Charles House, 5–11 Regent Street,
London S.W.1

2

CONTENTS

How can industry ensure for the future enough managers of high calibre at all levels—managers who can between them effectively use Britain's resources of manpower and capital and establish a good social climate in factories and offices? What education and experience do they need? How can potential ability be discovered? How should its possessors be selected and trained? In what ways can the wastage of graduates be lessened? Should all this action be planned systematically or left to individual managers? How can workers be made to feel that it is all done fairly?

These questions are beginning to bother managers, most of whom—especially at the top level—find it increasingly difficult to choose suitable successors. As industrial operations become more complex, greater demands are made on managers, the science and art of management are better appreciated, functions become more specialized and it becomes harder to find managers who can take a broad view of company affairs. The shortage is both more noticeable and more noticed than in the past. But all too often it is noticed too late—when a man needs replacing quickly and no one good enough can be found.

The problem is most serious for the large companies. How are they trying to solve it? This booklet gives a broad answer, based on a sample survey of 51 of the 65 privately owned companies in Britain that employ 10 000 or more people. Its conclusions are, however, of value to small as well as large firms.

The term 'manager' has several different meanings; here it includes all staff (apart from executive directors) above the rank of foremen, whether they are line managers or specialists of equivalent status. It also includes a few senior foremen—those classified as junior managers and those who virtually do the work of junior managers, though not so classified.

4

1. WHO GETS TO THE TOP?

Who are the managers of today? How are they trained? How far are they qualified? Where did they start their careers and how did they move upwards? How old are they? In what ways is the picture changing?

Education

Out of every ten managers in the sample, two went only to what used to be called elementary schools, three to secondary modern and technical schools (or their pre-1944 equivalent), three more to grammar schools and two to public schools. Thus half of them did not have a grammar schooling of any kind. This means that they were mostly born into working-class or lower middle-class families; so, doubtless, were some of the grammar-school boys.

The mixture looks fairly balanced at first sight; but the general statistics are a little misleading because they treat all ranks of management as one. Figure 1 shows that one senior manager in three went to a public school and another to an ordinary grammar school; but among junior managers the proportions were only one in seven and one in six. In all categories the middle managers came between seniors and juniors.
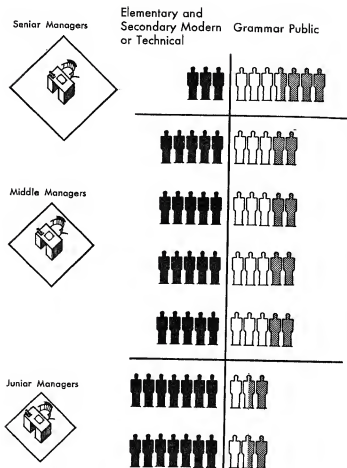
It seems that boys from public and grammar schools have more chance of reaching the top than the others, especially since there are far fewer of them on the firms' payrolls. What is more, the trend seems to be in their favour. More than one-fifth of those aged 55 went to public schools, but only a tenth of those between 55 and 59.

Qualifications

As Figure 2 shows, only 19 per cent of managers had a university degree, a third of them in arts; 18 per cent were professionally qualified, with or without a degree; and about 30 per cent had a degree and/or a professional qualification. But the proportions varied from one firm to another.

Needless to say, senior managers had more qualifications than the others; a third had degrees and nearly as many were professionally qualified. The trend is for more and more staff to be qualified; it is especially marked with graduates. One in four aged 55–59 had a degree, but only one in ten aged 55–59.

5

Type of School Attended

Senior Managers

Middle Managers

Junior Managers

Elementary and
Secondary Modern
or Technical

Grammar Public

Each man symbol represents 50 managers

Fig. I

Of the 18 per cent that had professional qualifications, one half were engineers and more than half the rest were accountants or company secretaries. Yet slightly more *senior* managers were qualified as accountants or company secretaries than as engineers; this confirms the popular belief that accountants have a better chance of rising to the top.

First jobs

Figure 3 shows that nearly three in five of those managers whose first job was in industry started off at the bottom—as manual or clerical workers, laboratory assistants or salesmen—and so came up the hard way. Only one in seven began as a manager, trainee or senior specialist. But the trend in new appointments seems to be away from manual workers and clerks and towards the other groups. What is more, only four in ten of the senior managers started at the bottom, compared with seven in ten of the juniors.

Promotion from within

All but one of the companies said they promoted their own employees to managerial posts. But the practice varied greatly from firm to firm. On balance 63 per cent of the managers were promoted from within, having started their working life with the firm (44 per cent) or joined it before they were 25 (19 per cent). These figures did not vary significantly between senior, middle and junior managers. Change of company seems to have occurred often, especially among manual workers: 63 per cent of those who began on the shop floor had changed their company at some time, compared with 39 per cent of those who were initially clerks.

Age

The average age of managers was 46, but it varied between companies from 42 to 52. Two managers in eight were under 40, three between 40 and 50 and three over 50. Senior managers averaged 49 years, middle grades 47 and juniors 45—little difference here. (Fig. 4.)

Outlook for the future

Where will the managers of the future come from? In the past there has been plenty of opportunity to rise from the bottom—though not, in many cases, to the top level. But the pattern is changing and more managers are being drawn from the grammar and public schools and

7

Qualification Obtained

Among 10 managers had

Degree

Professional Qualification

Accounting
Secretarial Chemistry
£

Engineering Others

Professional Qualification

Some | None

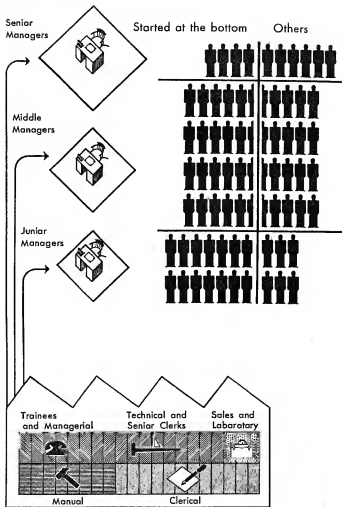Senior Managers

Middle Managers

Junior Managers

Each man symbol represents 50 managers

Fig. 2

the universities. In industry, as in other walks of life, the chances of 'getting on' depend increasingly on what happens in the first 20–25 years of life. This change is to be expected, now that educational opportunities are becoming greater; but it intensifies the need to recruit and train carefully the late school-leavers and to find those young operatives and clerks who have exceptional ability and promise and encourage them to compete with the recruits who have had a more advanced education.

Note: This section is based on information about 3327 managers in 27 large companies; 455 were senior managers, 1870 middle grades, 984 juniors and 18 unclassified. The sample is fairly representative of the 27 companies, but not entirely so because of the incompleteness of company records; in particular, junior grades tend to be underrepresented.

First Jobs Held

Senior Managers

Started at the bottom   Others

Middle Managers

Junior Managers

Trainees and Managerial   Technical and Senior Clerks   Sales and Laboratory

Manual   Clerical

Each man symbol represents 50 managers

Fig. 3

A few of the 51 companies do not expect their managers of tomorrow to have a different background from those of today. But the majority recognize that they are going to find fewer potential managers among the early school-leavers because the required level of education is rising and because more of the able boys are staying on at school, and are often going to universities.

These companies are having to recruit more and more graduates and grammar-school leavers and already they compete keenly for the available talent. Some, for instance, put large advertisements each year in *The Times* and the *Manchester Guardian*, showing what opportunities they can offer ambitious young men. One company recently spent £5000 on advertising for qualified engineers; it received 826 applications and interviewed 96 but could appoint only 20 from outside and seven from within—though it needed more.

Many companies take trouble to develop good relations with professors and appointments officers at the universities. Their talent scouts tour the country interviewing candidates before their finals. One man, it was said, though only in his second year, was being assiduously courted by two large companies, one of which had offered him a £750 post which he could take up on graduation.

More and more companies are paying attention to 'late' school-leavers; some seek only to combat the shortage of graduates, but a few prefer these abler boys to graduates, believing them to be less conceited, more adaptable and more willing to learn. They expect fewer benefits than graduates do and are more acceptable to employees on the shop floor. They gain practical experience more easily and at an earlier age. Given practical training, they make strong rivals to graduates, especially if they come in at about 20, after being matured by national service.

In competition of this kind one company can succeed only at the expense of others. Yet the shortage of able recruits seems likely to persist at least as long as there is full employment. Companies have, therefore, a strong incentive to develop the talent in their own ranks.

What qualities are wanted?

These seem to be many and varied. One company looks for analytical ability plus intellectual resilience, acceptability to colleagues and
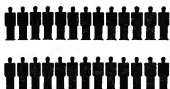
· 11 ·

Age Groups

Each man symbol represents 50 managers

Fig. 4

(strange combination) toughness and 'civilization'—meaning culture in its broadest sense. Another company seeks determination, decisive yet inquiring minds, moral courage and ability to get on with colleagues. Two qualities in common demand are acceptability to colleagues and ability to give and take advice gracefully; these are very different qualities from those that distinguished the pioneers of these enterprises and they reflect both the difference in function between founding a company and administering it when it has become large, and the difference in industrial climate between the nineteenth century and today. Even so, there is a danger today of wanting managers to conform too much to the group.

Introducing the recruits

There may be a high initial rate of wastage among graduates and late school-leavers—and a just as unwelcome discontent among their colleagues—unless they are successfully introduced to the company. The rate among graduate trainees varies from one company to another. It reaches four-fifths in one company, but usually lies between a quarter and a third and in some companies is even less. Better selection, training and follow-up have reduced wastage—by up to a third in one case.

Introducing graduates is not easy—especially when, as often happens, a company is not sure at first what it wants to do with them. If it has taken graduates for some years it has the advantage of an established training scheme and an existing body of employees with similar background and interests to the graduates.

It is especially important to watch the progress of trainees and ensure that the training they get, usually from departmental managers and supervisors, is on the right lines and adapted to individual needs. Equally vital is the need to reassure ambitious recruits about their future prospects. At school and university and in the armed forces they usually know how they are getting on, but in a large company they may feel, often in error, that their progress is not being noticed. They then lack the conviction that promotion really depends on them and become discontented. Companies are understandably reluctant to commit themselves on future action, but they can nevertheless try to build confidence in the dictum 'it's up to you' and avoid the danger of being, as one graduate put it, 'like an elephant which sometimes takes you for a ride and sometimes sits on you, so that you are never certain what it is going to do'. This task need not be a big one; frustration

13

often results from slight carelessness and insensitivity on the part of individual managers, and companies can usually overcome it by providing a 'father confessor' with whom trainees can discuss their progress and problems, especially in the difficult period between completion of training and assumption of real responsibility. Some companies already make and use this provision; others make it formally but do not welcome use of it; and the rest do not make it at all.

About four-fifths of the 51 large companies have not yet drawn up systematic programmes for finding the talent in their ranks. One reason is that many of them believe that able people select themselves and that it is possible to know the abilities of every worker without making a special effort; but inertia is sometimes a contributory cause.

Outstanding individuals certainly select themselves, but there are rarely enough of them. Industry also needs those who are above average and seem to have the right qualities for management, but who do not always select themselves and so can be overlooked. If there is no systematic programme for spotting talent, ambitious men will constantly try to catch the attention of senior managers, while the quieter but not necessarily inferior men may remain unnoticed.

As for knowledge of employees, managers vary in capacity for it, but even the most skilled often confuse an ability to recognize individuals with a knowledge of their potentialities. Also many managers do not judge character as well as they believe they do. So, to be fair and efficient, they need to obtain several independent estimates of each man's capacity—and that means organized talent spotting.

Companies that spot talent use a variety of methods because they consider none to be sufficient by itself and because they seek not to rely on judgments made by one person. Apart from a day-to-day watch by departmental managers, the main methods are internal advertising, annual assessments, periodic interviewing, and organized talent spotting either by special staff or by senior management. Various combinations of methods are used—all designed to ensure that no able person is overlooked, and that ability is independently assessed and that promotion is not only fair but is seen to be fair by those whom it affects.

Internal advertising

Nearly half of the 51 companies advertise some vacancies internally—usually jobs for foremen and charge-hands and courses for potential supervisors. But the method arouses controversy. Its supporters argue that it benefits morale and sometimes reveals unexpected ability, especially ability that is suitable for foremen, charge-hands and special posts like training or sports officers. Its opponents say that it causes discontent and unrest among employees who might not otherwise

15

think of promotion, that personnel departments are flooded with unsuitable applications, and that senior managers should know their own people without having to advertise for them.

Internal advertising must obviously be done with care. If morale is low, good candidates may not respond to advertisements because they think them to be fakes. Employers should keep their minds open during selection and should make this clear to candidates. They should tell those rejected why they have failed and how they may qualify themselves for future promotion. It is also possible to keep down the number of applications by closely specifying the required qualifications.

It is sometimes necessary to give encouragement to employees who hesitate to apply through modesty or fear, through rating their ability too low or through thinking that selection is wholly the management's concern, or that they will be approached if they are suitable, or that the job belongs to someone else.

Annual reports and interviews

Two companies in five ask for written reports regularly on some or all of their staff, either to measure present performance for annual reviews of salaries or to indicate possible candidates for promotion. They consider reports to be an essential part of talent spotting but not, as a rule, the whole of it. Sometimes they limit the scheme to employees of special promise—in one company to everyone over 25 who is earning, or expected to earn, £1200.

Reports cause less controversy than internal advertisements but they raise three difficulties. First, managers assess performance by different standards. Companies can offset this if the personnel department makes informal allowances for bias, or if each report is compiled by several managers and countersigned by someone higher up. Second, managers tend to put off writing reports. A few companies have solved this problem by having some member of the personnel department discuss reports with each manager and, sometimes, fill in the forms for him. Third, it is difficult to make effective use of the reports. When they go to the central personnel department, they are often overlooked because its officers are overworked or are not consulted by other departments about vacancies. All too often reports are written in the hope that they will be used, but no one makes certain that they are. If they are to be valuable, they should form part of a general plan for selecting potential managers and for linking training to individual needs.

16

The actual method of assessment seems to be less important than the way in which it is used. Merit-rating by points is a common way of assessing ranks up to the level of foremen, because their abilities can more easily be measured in quantities than those of the higher ranks, for which descriptive reports are preferred. Vital information may be left out unless the writers are encouraged to add their own comments. It was said in interview that one manager had given his subordinate a glowing report without a recommendation for promotion. When asked why, he remarked that the man had no ambition; yet he failed to mention this in his report. The mere writing of reports can help some managers to form clear ideas about their staff; this is generally good for both the staff and the company.

Managers can increase the value of reports if they also talk to each subordinate about his progress and ambitions. Only one or two companies provide for these interviews; several others say their managers are not expert enough to conduct them. As a result reports are rarely discussed with employees and they are often made in needless and harmful secrecy. It is then possible for criticized employees to assume that they are giving satisfaction and for employees whose work is good to be anxious because no one has told them so. By contrast, it is now an established practice in the Civil Service for adverse reports to be accompanied by personal interviews.

The personnel department can conduct interviews of a more formal kind in order to assess the potential for promotion. One firm has appointed a senior man to see each employee at or above the level of foreman for 20–45 minutes. Other companies interview employees in certain groups—for example all young men aged 20–35.

Organized talent spotting

The practice is growing of appointing one member of the personnel department as an official talent spotter—usually called a 'management development officer'—to discover and develop potential managers. One company has appointed three officers on an area basis to watch and advise on the development of young men who have finished their formal training and are no longer cared for by local training officers; they also make suggestions for filling vacancies. Two other companies have appointed officers to get to know as many promising youngsters as possible, to check any bias shown by their superiors and to encourage the provision of suitable training. In another company the personnel officers of each division maintain lists of employees who

17

may become suitable for promotion. What experience there is suggests that these specially appointed scouts can do valuable work.

In all companies senior managers do some talent spotting for themselves. This practice can cause more harm than good if it merely enables self-assertive employees to draw attention to themselves; but, if properly used, it can give yet one more valuable check on potential. A few companies ask their senior managers to report on promising people whenever they attend training courses or visit the various divisions. Another company arranges that when a senior manager visits a division he talks informally with each person who is listed as a promising employee by the central personnel department.

Two-thirds of the 51 companies have organized training for management. Yet comparatively few of them have carefully worked out their aims and sought methods that are likely to prove successful in their own circumstances. Some of the others seem only to be making a gesture and have no clear idea of what they hope to achieve by it.

The aims of training are to raise the standard of management and to prepare employees for promotion. Though both are necessary, most companies have concentrated on one or the other and have tended to limit training to one level of supervision. Many companies have started training schemes solely to meet a pressing need, such as a shortage of senior managers, or to improve the existing standard of foremen.

Preparing for promotion

Those companies that have comprehensive training policies distinguish between three different stages:

Age

21–25 Essential practical training and experience, followed by selection

25–35 Formal training in management, or accelerated experience

35–45 Special training, or 'broadening' (see page 22), for senior managers

The term 'management trainee' has become unpopular—in some companies taboo—chiefly because it suggests that one man's future is assured to the exclusion of others. Quite apart from terminology, there is considerable argument as to whether a company should single out promising individuals at an early age for training as potential managers. Those for it argue that it permits diversity of training and experience, gives trainees the opportunity to develop while they are still flexible enough, and encourages companies to try to assess the future supply of managers.

Arguments against the practice are that potential managers cannot be judged before they are in the late twenties, if then; that advance selection creates an *élite corps* and fosters resentment; and that the right people will appear without selection and training because 'you can't keep a good man down'.

Experience does seem to bear out some of the arguments against the practice. About one-third of the 51 companies have made provision for

19

trainees, who are almost always public school or university men, and have trained them for two years according to a detailed time-table, giving them experience of various departments in rotation. But some companies find their schemes increasingly unsatisfactory. The creation of an *élite corps* tends to spoil the trainees and antagonize other employees. Trainees become bored because they exercise little responsibility but spend much of their time watching others at work or taking in useless information. Many of them, when trained, prove to be 'nice' people but unsuited to any particular job.

Yet the experience of these companies suggests that there is more to be said in favour of special selection and training than against it. The difficulties can be overcome, given tact and care; but failure to do so limits the experience of potential managers and often stultifies their development.

As a result of experience several companies have modified their approach to training in three main ways so as to overcome the difficulties. First, they have tended to shorten the period of training—to 18 or 12 months, sometimes less.

Second, they have changed the emphasis from watching jobs to doing them—either doing practical work or, where this is impossible, writing descriptions of departments visited or undertaking small research projects. Trainees kept busy in this way show more initiative and less boredom. As an alternative, they can be allotted jobs in a department where they may get a general picture of the company.

Third, some companies have scrapped formal training schemes altogether and earmarked promising employees for varied training and experience according to their individual needs. Usually neither the chosen few nor their colleagues are told of the plans, so that if the management makes a mistake it can quietly change its mind later.

Certain jobs—mostly in the personnel, costs and production planning departments—can be used chiefly for training, each potential manager holding office for one or two years. Alternatively, temporary posts can be created, as in one company studied, to mean a pressure of work while providing a variety of experience for trainees. The post of personal assistant is also used for training, usually for graduates who have been with the company for a couple of years; but it is less popular than it used to be and its value for training is disputed. Even those who like it stress the need for careful selection and for ensuring that the trainee does not disturb the chain of managerial responsibility.

20

The fact that most trainees come from outside the company is one cause of antagonism towards them. Half the formal training schemes in companies visited are open to employees, but it is increasingly hard to find candidates inside the firm whose calibre bears comparison with that of outsiders. So most trainees are new recruits to the company and this in itself tends to cause antagonism. Internal and external candidates have usually to pass the same selection board. But one company has arranged with the staff committee for each external trainee to be paired with an internal one, so that the practical experience of the one is combined with the theoretical approach of the other; this arrangement has proved satisfactory.

Raising the standard of management

There are two main ways of raising standards; by professional and technical training, as provided by educational institutes; or by a variety of other courses on management, either inside or outside the firm. Of the first it need only be said that a number of companies encourage young employees to become technically or professionally qualified, so that there are likely to be more managers so qualified in future.

Internal courses play an important part in many firms. Some give information on company policy and organization, and especially on the functions of the various departments. In other courses students are trained to meet the day-to-day work of management—to make speeches, lead discussion groups, write reports, present financial information, conduct work study, control quality and so on. Finally, there are courses in human relations, ranging from lectures and discussions to case-studies, which may be dramatized by techniques like film-strips and role-playing.

Only two of the 51 companies provide regular training for everyone from charge-hand upwards. One has a residential centre, at which supervisors and managers spend at least a week every year; senior managers lecture frequently and also attend short appreciation courses before each main course. The other company runs a continuous programme of adult education for all staff from foremen upwards, the aim being to keep management up to date and to broaden outlooks. Mixed groups of 25–50 people spend an hour each week at a lecture (with discussion), usually on some aspect of the company's work and organization.

Most companies restrict training of this kind to foremen and junior managers. But unless interest and support is enlisted at all levels,

21

middle managers may regard the courses as a waste of time. They may view the new ideas of their subordinates with suspicion and even ignore or discourage them, so damping enthusiasm stimulated by training and sometimes causing frustration. Indeed, there is evidence that the training of supervisors on their own can do harm by impressing them more with the faults of their bosses than with their own failings.

Broadening outlooks

Many companies accept the need for extra training to ensure that managers in one department understand something of problems in other departments and to prepare specialists for general management. This is mainly a problem of size; small companies usually give their managers varied experience, but in some large ones managers tend to be specialists, moving up their functional ladders and not equipping themselves for the general management that is required at the top.

The problem is still far from solved. One company has thought of buying up small firms for use as training grounds for potential senior managers; but the more usual methods are to move the men from one job to another and to send them on longer management courses than those described on page 21. The courses provide an intellectual stimulus and a variety of personal contacts, as well as a formal training. Rotation between jobs is much less developed here than in the U.S.A., and the exchange of functions, as distinct from jobs, is rare. Some companies try to move their promising men at least once in three years, but usually only when there is a vacancy. The rest seem to fear that rotation between jobs will disorganize the administration and lessen efficiency; and they regard this as too high a price for broadening outlooks.
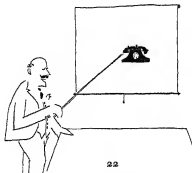
5. PLANNING A SUCCESSION OF MANAGERS

Many managers have not considered whether or not planning of this kind is needed; and of those who have considered it some say it cannot be done because there are too many variable factors. It is true that the best-laid schemes can go wrong; a man selected and trained to succeed another may not develop as expected, or he may resign, or even die. But this need not invalidate planning any more than market research is invalidated by wrong forecasts or budgeting by wrong estimates. Planning is at least better than no planning.

The problems differ widely from one company to another, the most important factors being:

whether the company is expanding or not,

how it is organized—in particular, how far centralized,

whether it is concentrated in one place or widely scattered,

what proportion of its workers are skilled,

how many of the managers need technical qualifications, and

how old the company is.

A systematic approach

Now that the future supply of managers can no longer be left to chance, there is need for a systematic approach to problems of recruitment, selection, training and promotion, though the actual methods must vary according to the type of company and its problems. Companies making this approach will want to:

estimate what replacements they will need, at least in the short run,

discover the potential managers in their ranks through annual reports, talent spotting, internal advertisements or other methods,

select managers, from inside or outside, by systematic methods and not by *ad hoc* nomination,

arrange for the individual development of potential managers prior to promotion, and

provide training at least for junior and middle managers, both to ease promotion and to raise the general standard of performance.

A third of the 51 companies have a systematic policy on these lines. Another third take some of the steps and a third have no system at all. Many companies do not yet realize the need for planning, especially the highly technical companies that have tended to emphasize technical training and ignore training for management. Others, while

25

accepting the principle of planning, pursue what they believe to be more urgent needs and postpone action on planning indefinitely.

Estimating requirements

Some companies, especially in the U.S.A., start with plans of organization—including organization charts, and descriptions and specifications of all managerial posts. In Britain, some companies think that descriptions (and to a smaller extent specifications) can be useful because they clarify the type of man required for each post and, if summarized in advertisements, limit the number of unsuitable applicants. But many firms say they prefer to fit the job to the man.

A number of companies try to estimate how many managers they will need in the next five, ten, fifteen or twenty years, though some find the task harder than others—for instance, those that suffer great fluctuations in demand. The estimates are useful in three ways. They guide recruitment and training for promotion. They help a company to decide what is the likely scale of its replacement problem, where it will occur and how far the needs and opportunities of one department can be met by transferring people from another. Finally they offset the tendency of some companies to expect managers to stay where they are until they retire or are promoted—a tendency which generally causes the wastage of managers to be underestimated.

Surveys are also made of the immediate future—3–5 years. They usually consist of retirement charts, analyses of managers by age, training, source of supply and other categories, and information about potential managers, such as whether they are ready for promotion now or need further training and experience. These short-term surveys may be prepared regularly and used in recruitment, selection and training; or they may be made occasionally, merely as educational exercises showing what the problems are and how more managers can be made aware of them. Occasional surveys could make more precise the vague feeling shared by many managers that 'something ought to be done'. They might, for example, analyse the age of managers and, by revealing that the average is 50 and that no manager is under 35, clarify the need to recruit or promote more young people. Or they might analyse data on potential managers only to find that one or more large departments, say finance, has no one who is thought to be suitable.

Making policies work

It is clear from what has already been said that a formal policy for replacing managers should be, but often is not, carried out in both

24

letter and spirit. There are several effective ways of reviewing progress. One is for a senior training and promotion committee to cross-question managers periodically on the progress of subordinates and on steps taken to help them. Another, less formal, method is for visiting senior managers to discuss the problem of succession regularly with divisional officers. Some companies try to ensure common standards for managers by selecting trainees centrally and by controlling all staff appointments above a certain level.

There may be resistance to co-ordination of this kind by local managers who feel their responsibility infringed, especially if they have come up the hard way and are impatient with what they regard as new-fangled and unnecessary schemes imposed by specialists in 'ivory towers'. Those companies that have avoided or controlled such resistance attribute their success to the interest and example of senior managers, to the careful creation of a favourable climate of opinion before starting a scheme, and to their readiness to associate line managers with the planning and operation of it.

6. HOW IT LOOKS FROM BELOW

Promotion policies that seem perfectly fair to managers may look unfair to workers and so lower morale. How do the employees of large companies react to existing policies and practices—especially internal advertising and the recruitment of graduates and late school-leavers?

In the five large companies (out of 51) that were studied in detail, a carefully chosen sample of 411 employees up to the level of foreman gave the following information in voluntary interviews, each lasting half an hour.

Attitudes to promotion

Public opinion polls often suggest,* contrary to widespread belief, that the prospects of promotion rank high in a worker's estimation—usually above high wages. This finding is confirmed by the flood of volunteers for most training courses for supervisors. Between 60 and 70 per cent of those interviewed said they were 'very interested' in being promoted, 15–20 per cent 'slightly interested' and a similar number 'not at all interested'. As many as 87 per cent of the foremen and 86 per cent of the section heads in offices said they were 'very interested', compared with only 41 per cent of the semi-skilled and unskilled workers. The pattern of replies was similar in all companies.

How genuine was this interest? Was it backed up by practical steps? Only half as many said they had applied for promotion as were 'very interested' in it. And less than half of those who were 'very interested' in promotion and also thought that going to night school was a help, were actually attending, or had attended, a night school. This inconsistency may indicate that many respondents were expressing what they felt to be a 'correct' and publicly acceptable attitude towards promotion while not being prepared to do anything about it. But the negative attitude towards night school may also betray a real feeling too old to begin going to courses.

Are incentives to accept promotion sufficient? The answer was 'yes' for the technical and clerical grades, who are paid on a time basis and not by results, and who can always be given an increment on promotion. But answers from the shop floor varied between companies. Supervisory jobs have tended to become less attractive in recent years because wage-differentials have shrunk and because many workers

*For a selection see p.65 of the full report.

26

besides supervisors now receive sick pay and retirement benefits from their employers and so do not need promotion to gain security. Some companies have allowed for this change and kept their supervisory jobs attractive; others have not.

The differences between management and workers on promotion policies and practice seem to arise on two questions: what qualities make a man suitable for promotion? And how long does it take to qualify for promotion?

To most persons on the shop floor the most suitable quality was knowledge of one's job. They accepted the technical graduate but not the arts graduate, whose speciality—knowing how to think—could be acquired at night school. The public school boy was even more suspect; of all qualities his capacity for leadership was the least recognized. Managers, generally speaking, valued self-confidence and articulateness more than workers did, and they could see in these qualities more evidence of capacity for leadership; but the workers tended to regard them as 'cheek'. Workers sometimes criticized internal advertisements because they encourage men with 'cheek' rather than quieter men who may be much better at their craft.

Naturally enough, workers also liked their managers to be good at handling labour, and they often criticized graduates on this score. One foreman said:

> The ones who come to be managers without experience of handling men never seem to acquire it afterwards. They seem to be glad when they get promoted and can pass their orders through supervisors . . .

Half the managers have never handled men personally, in their life experience you get on the way up, and that is one of the most difficult things to do in modern industry and half the trouble. It is a big mistake to put people into responsible positions when they have never had it.

As for the second question, concerning the time taken to qualify, many of those interviewed thought that the arts graduate should start at the bottom, as others do, and earn promotion strictly on merit after learning the job. None of them seemed to realize that, if the graduate is to get to the top, he may not have three or four spare years, on top of his undergraduate spell, for acquiring routine knowledge of the job. But they remembered that they themselves experienced a long wait before starting to climb. The average charge-hand spent eight years in his company before being promoted to his present rank at the age of 55; the average foreman was for 16 years a shop-floor worker or

27

charge-hand and was 59 before he got his last promotion. As a result those interviewed were inclined to think that early promotion means favouritism; how, they argued, can one judge a man's merit in 12–15 months?

Views on internal advertising

Only four of the five companies advertised some or all vacancies internally, but the great majority of employees in all the five were in favour of the system, even though they did not see in it an automatic guarantee of fair selection. Yet, curiously enough, employees in the company that had no internal advertising were just as satisfied with the existing arrangements as those in the other four; this is perhaps in line with the commonest criticism made by all grades—that a good firm need not advertise since the management should know every promising employee.

All grades criticized management for inconsistency or bad faith. 'Advertising is all right,' said one employee, 'if it's done honestly.' Another remarked: 'We find it is just a formality. The job is filled before the advertisement goes on the board and they make sure the person they want makes an application.' In one company, it was said, the advertising system was often by-passed and managers in some departments flatly refused to put notices on the board.

Weaknesses like this can endanger the whole policy of selection and promotion; but they arise in part from a basic dilemma that faces all companies. If they advertise a vacancy they can spend much time filling it and yet be accused of prejudging the issue should they choose the most likely candidate. The fact that until they have advertised they cannot be sure who is the best man available is not generally appreciated. But if they decide not to advertise, they may be suspected of favouritism and nepotism. One way of overcoming the dilemma is for companies to state clearly in what circumstances and for what grades they will advertise and then stick to these conditions. Their actions will probably be regarded as fairer than they are at present; but the evidence suggests that any deviation from declared policies, however innocent and understandable, is enough to re-awaken old suspicions.

Equality of opportunity

Are graduates and late school leavers regarded as unfair competitors by those who have come up the hard way? Employees who were interviewed, on the whole, said 'No'; they did not question the need for

28

educated men in industry and only a few of them regarded the fairness of competition as a live issue. The general view was that if boys (or parents) make sacrifices to secure advanced education, they should reap the benefits; but a distinction was made between technical and arts graduates (see page 27).

Critics did make the well-founded complaint that internal candidates are often not given enough opportunity to become trainees. Only one of the five firms studied considered employees alongside graduates for special training in commercial aspects of management; and even these individual workers could not apply but had to be nominated, and very few of them knew the scheme existed.

What is more, the critics said, the potentialities of an inside candidate are not so well known to a company as those of a graduate. Very often he is known only in relation to his present job and no one has sought evidence of other abilities. But the graduate is investigated from every angle; he is invited to state his likes and dislikes, and his aptitudes are scientifically considered. Organized talent spotting could meet this criticism, as it enables inside candidates to be examined as rounded personalities in the same way as graduates are.

7. SOME COMPARISONS WITH THE U.S.A.

Note: This section, based on an article by the author in *The Manager*, January 1957 (page 55), is the outcome of two months' travel in North America, including visits to six Canadian and sixteen U.S. companies employing rather more than 10 000 people. The text is drawn entirely from experience of the U.S.A., but the main findings and lessons probably hold good for Canada.

General approach

Many large American companies are deeply interested in ways of building a supply of potential managers for the future and refer to their methods collectively as 'management development'. Their interest is of longer standing than that of British firms; yet it has mostly arisen since the last war. For example, in 1946 the National Industrial Conference Board, investigating nearly 3500 companies, found that only one in twenty had programmes for training executives. Since then the American Management Association has done much to stimulate interest in the subject and there has been widespread propaganda in favour of what are called 'management development programmes'.

This propaganda has had both good and bad effects; it has encouraged a genuine interest in some companies, in others a desire to follow a fashionable trend. Management development has become something of a fad, creating a demand for ready-made programmes and enhancing the popularity of 'gimmicks' such as elaborate, coloured 'replacement' charts. Some companies have rushed into formal programmes without adequate thought and preparation, with the result that they have made little progress. One large and well-known company was reported to be starting on its third post-war programme, making it much more flexible and informal than its earlier programmes because these had not ensured a supply of good managers, despite being set out in large and elaborate manuals.

By contrast, the approach of British companies—even those most actively concerned with the subject—has been much more cautious and less formal. They have been in comparatively little danger of embarking too hastily on a formal programme. They have, however, been in danger of postponing action continually, while acknowledging the need for it.

American companies, like British companies, complain of the shortage of graduates, especially engineers, and of the inevitable scramble for recruits. It is hard to tell which country has the greater shortage, but the attitude towards the recruitment of graduates seems to be much more grabbing in the U.S.A. than in Britain. Often graduates are offered jobs during twenty-minute interviews at the university. The elaborate methods by which some British companies select graduates are described as impracticable because American graduates would not bother with a company whose process of selection is more involved than the rest. A few British companies, by contrast, believe the very opposite—that if selection is made difficult a number of graduates will feel the company values them highly and will want to join it.

American companies emphasize more than British companies the value of reports (called 'appraisals' there) and subsequent interviews between the boss and his subordinate. Indeed, these two techniques are often regarded as the core of management development programmes, though the stress is usually on improving performance at the job rather than spotting potential for promotion. In British companies such reports as exist are mostly confined to certain groups of staff, for example, trainees or those considered to have special potential. But American companies normally cover all members of the staff irrespective of age or position; they feel it would be ethically wrong to apply the methods selectively.

Reports of various kinds are used by American companies, but they are generally compiled by two or more persons. Sometimes these assessors make independent reports and discuss them afterwards. But sometimes they make a group appraisal; between three and six of them discuss the man in question and generally they record only their unanimous views. Several companies ask one or more members from the personnel department to help line managers with reports or even to act as group chairmen or secretaries; indeed, in one very large company this is a main function of 60 full-time officers appointed to co-ordinate the management development programme. The more elaborate schemes also provide for a review of reports by senior management.

Various types of form are used; but in many of them the reporting officer is asked to say where the main strength and weakness of each subordinate lies. Discussion of what can be done to improve weaknesses

31

forms—or at least is supposed to form—an essential part of the reporting process. Some companies appraise characteristics such as drive and acceptability to colleagues, while others consider that this approach is unrealistic and that reports should be based on performance measured against detailed job descriptions.

Nearly all the American companies visited regard 'follow-up' interviews, at which officers discuss reports with subordinates, as an essential part of their programmes. Yet hardly any of the 51 British companies reviewed in earlier pages reported arrangements for interviewers.

American companies hold that the follow-up interview has four main advantages. First, it gives the subordinate a chance to find out where he stands and how his boss judges him. Second, it ensures that at least once a year the two men meet to discuss the job as a whole, the boss's expectations of it and the subordinate's problems; otherwise this might never happen in the hurly-burly of business. Third, it gives the boss an opportunity to help the subordinate understand his weaknesses better. Fourth, it enables the two men to plan together how the subordinate may develop as a manager and overcome his weaknesses.

How useful are these reports? Are the interviews really constructive and do they help to develop subordinates? Staff departments in the companies visited seemed to regard the usefulness of both techniques as self-evident. It is surprising that in a country so research-minded as the U.S.A. no adequate research has been done on this subject. Inquiries have so far been limited to technical matters, such as methods of rating, and they have ignored the more vital questions raised by critics. For example, do reports indicate all characteristics or merely a few—in which case they can be very misleading? Or again, how many managers can conduct an interview effectively? Or can this capacity be appreciably improved by training? Is there a danger that a badly conducted interview will do more harm than good?

Another striking difference between British and American companies is that the latter use psychologists much more and have much greater faith in them. Even so, it seems that many of the American companies visited pay less attention to selection procedures. Curiously enough, group selection seems to be almost unknown and evokes no interest in the U.S.A.—at least not in manufacturing industry.

One final contrast between the two countries is that American companies advertise staff vacancies internally much less frequently than their British counterparts.

Training

This aspect of the subject was less studied than others on visits to American companies, because more information is available here in it than on any other aspect of American practice. There are one or two points of interest, however. Job-rotation is more widely practised in American than in British companies, though it is less publicized. Changes of job—to avoid staleness—are more actively encouraged. In one company, for instance, the works managers are switched every five years; another firm gives its men six weeks' sabbatical leave every three years, in addition to normal holidays, and requires them to train others to take over while they are away.

Internal courses for managers seem to be less frequent in the U.S.A. than here. But they include one type of course that is unusual in this country; it is designed to teach managers how to make reports and how to counsel effectively in interviews. Various techniques are used; role-playing, for instance, helps to illustrate the art of free interviewing.

Much more attention is paid in American programmes to the role of organization. Frequently companies attach more importance than in Britain to a clearly defined organization and to job-descriptions as a prelude to management development. The impression was gained on the study that enthusiasm for lengthy job-descriptions is waning slightly. One company, for which a consultant had prepared very detailed descriptions up to ten pages long, cut their length by half on finding that they got out of date too soon.

British companies very rarely appoint special officers to run their programmes, although a few have done so recently. But nearly all the American companies visited make a practice of it. The appointed men provide specialist advice and try to stimulate and hold the interest of line managers in the scheme. A few of them are of quite senior rank and occasionally they report direct to the president of the company.

In some companies the appointed officer is supported by a top-level committee, which periodically reviews the progress of the scheme. Sometimes the review coincides with discussion of the plans of subsidiary companies or divisions for the coming year—an illustration of the importance that senior managers attach to this topic. One large company was replanning its formal programme at the time it was visited, and was considering the establishment of a reviewing committee to ensure that line managers did concern themselves with

33

problems of succession and that divisional heads were judged partly by their ability to produce good managers.

Lessons from American practice

It is impossible after so brief a visit, in which only firms said to have good programmes were visited, to judge which group of companies—American or British—is tackling the problem more effectively. The American companies probably are more clearly the need for a systematic approach, and some make it much more clearly a function of management; but others do not seem to be as far ahead as their literature suggests. Many have programmes that are only partly systematic; others are in danger of accepting reports and follow-up interviews, perhaps combined with organizational analysis, as the main answer to the problem. Several American observers, with wide experience of industrial practice in their country, think that the British companies analysed in *Management Succession*, the report on which this booklet is based, are probably not behind the comparable American companies, taken as a whole.

Three clear lessons emerge from American experience. One, which may seem superfluous in Britain, is the danger of rushing into a formal programme without adequate thought. Much more important for British companies are two related facts: the relative lack of secrecy in the U.S.A. between an officer and his subordinates, and the great trouble taken, when compiling reports and holding interviews, to ensure that subordinates know where they stand. Employees in many British companies suffer needless frustration because these things are not done.

The third lesson is the value of appointing a senior officer to co-ordinate a programme, possibly with the help of a top-level committee which periodically cross-examines senior managers on their work in this field.

8. CONCLUSIONS

As in so many other facets of management, the main conclusion to be drawn from these inquiries is that most companies can learn much from the practices of the best; and the main need is not to solve outstanding problems by the discovery of new techniques but to persuade more companies that the problems exist and that solutions of varying effectiveness are already in use.

It is impossible, of course, to guarantee the success of any single policy, because of wide variations in circumstances between industries and between companies within one industry. In general, however, a policy may be judged according to:

whether it enables the company to attract and retain able people by holding out prospects of 'getting on', and by making sure they are not overlooked,

whether senior managers rate the problem of succession highly among their responsibilities, and

how easy it is to fill vacancies, even the unexpected ones, with well-qualified employees.

Policies must obviously consist of two parts—forecasting the future supply of and demand for potential managers, and selecting and training promising candidates. A successful policy is based on four essential ingredients:

good raw material, the result of a high standard of recruitment and selection,

an adequate incentive to potential managers, given not merely by making salaries and conditions competitive but by creating an atmosphere helpful to initiative and nourishing a belief that merit is both noticed and rewarded,

a stimulus to self-development and a provision of opportunities for it, and

a sustained interest by senior managers, which will help to convince officers at all levels that the development of good subordinates is one of the criteria by which they will be judged.

To achieve these conditions for success, a company needs to:

realize and accept the importance of early selection and training,

arrange for more organized talent spotting,

pay more attention to inequality of opportunity, wherever it exists,

recognize the problems of introducing and training graduates and note the lessons of other companies' experience,

55

understand and try to lessen the frustrations often felt by ambitious young men,

give each individual varied experience and intellectual stimulus as part of his training,

be more informative about promotion policy and the factors affecting promotion, and

recognize and try to remove the cynicism felt about promotion by employees who have not much confidence in the management.

9. QUESTIONS FOR MANAGEMENT

These inquiries in Britain and North America suggest eight important questions which companies should ask when framing a policy to ensure themselves sufficient managers for the future. It is the act of asking these questions that is important, rather than the answers themselves, since several different answers can be made to work in one set of circumstances provided the company seeks and uses them in the right spirit.

I. WHAT CHARACTERISTICS OF THE COMPANY'S ORGANIZATION ARE LIKELY TO AFFECT POLICY?

There are several important differences between companies. For instance, a company with a highly centralized management needs a different policy from one whose management is decentralized; and one that keeps all its employees in one place has different problems from one comprising many widely scattered units.

II. WHAT CHARACTERISTICS OF EXISTING MANAGERS MAY AFFECT THE PROBLEM?

(a) *What is the age-distribution of managers?*

This question is often ignored, yet it can affect all aspects of the new policy. How many senior managers are due to retire in the next few years? And, equally important, how do ages vary between different levels of management? A fairly new company, which once prided itself on having young managers, may find that they have grown old together, leaving too big a gap in age between the managers and their likely successors. By contrast, another company may find that many of its managers have subordinates no younger than themselves.

People have a tendency, even when well past middle age, to think that old and young persons are those older and younger than themselves; and that young people, so defined, cannot take responsibility, though they themselves did so when younger. This tendency may affect the age-levels within a management, especially one that is in its first generation.

(b) *What is the background of existing managers?*

In particular, what are their educational and technical qualifications? Are these adequate for present and future needs?

37

understand and try to lessen the frustrations often felt by ambitious young men,

give each individual varied experience and intellectual stimulus as part of his training,

be more informative about promotion policy and the factors affecting promotion, and

recognize and try to remove the cynicism felt about promotion by employees who have not much confidence in the management.

9. QUESTIONS FOR MANAGEMENT

These inquiries in Britain and North America suggest eight important questions which companies should ask when framing a policy to ensure themselves sufficient managers for the future. It is the act of asking these questions that is important, rather than the answers themselves, since several different answers can be made to work in one set of circumstances provided the company seeks and uses them in the right spirit.

I. WHAT CHARACTERISTICS OF THE COMPANY'S ORGANIZATION ARE LIKELY TO AFFECT POLICY?

There are several important differences between companies. For instance, a company with a highly centralized management needs a different policy from one whose management is decentralized; and one that keeps all its employees in one place has different problems from one comprising many widely scattered units.

II. WHAT CHARACTERISTICS OF EXISTING MANAGERS MAY AFFECT THE PROBLEM?

(a) *What is the age-distribution of managers?*

This question is often ignored, yet it can affect all aspects of the new policy. How many senior managers are due to retire in the next few years? And, equally important, how do ages vary between different levels of management? A fairly new company, which once prided itself on having young managers, may find that they have grown old together, leaving too big a gap in age between the managers and their likely successors. By contrast, another company may find that many of its managers have subordinates no younger than themselves.

People have a tendency, even when well past middle age, to think that old and young persons are those older and younger than themselves; and that young people, so defined, cannot take responsibility, though they themselves did so when younger. This tendency may affect the age-levels within a management, especially one that is in its first generation.

(b) *What is the background of existing managers?*

In particular, what are their educational and technical qualifications? Are these adequate for present and future needs?

(f) *What techniques of management can usefully be taught and to whom?*

(g) *What can training courses contribute to the improvement of social skills?*

(h) *How can the effectiveness of training be assessed?*

VII. WHAT IS BEING DONE TO ENSURE THAT PROMOTION IS NOT ONLY FAIR BUT SEEN TO BE FAIR?

(a) *What attempts are made to convince people that selection is fair?*

(b) *Do people know how well they are doing?*

Are they given a chance to discuss their progress and ambitions?

(c) *What opportunities are there for promotion from the shop floor?*

What efforts are made to mitigate the effects of a technical bar on the promotion of able employees?

VIII. HOW CAN A COMPANY, HAVING ANSWERED ALL THESE QUESTIONS, SEE THAT ITS PROGRAMME IS CARRIED OUT?

(a) *What can or should be done to stimulate managers who are indifferent to the programme?*

For instance, should there be a top-level committee to review periodically what each senior manager is doing to develop his subordinates and to provide for succession? Should there be a staff specialist to act as stimulant?

(b) *What should be the role of the head office in recruitment, selection and training?*

To what extent can the responsibility be left to individual managers?

(c) *What opposition is the programme likely to meet?*

From whom will it come and why? What can be done to reassure objectors and overcome their opposition?

40